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Socialist Studies No.4

Are The Rich Getting Richer, and The Poor Getting Poorer?

The Clapham based organisation calling itself The Socialist Party answers the above question. It gives two answers “*yes they are*”, and “*no they are not*”. Answer number one appeared in their pamphlet “SOCIALISM AS A PRACTICAL ALTERNATIVE”. On page 6 it says: “*the rich get richer and the poor, poorer*”. It gave no evidence to back this statement. The second answer appears in a statement dated September 1991; “*The rich are not getting poorer*” signed A. Buick. (Mr Buick is a writer and speaker for The Socialist Party, and Assistant General Secretary of The socialist party and we assume his view carries some weight in that organisation).

Mr. Buick states that his organisation has never said “*the rich are getting richer and the poor are getting poorer*”. “*Such an absurd view*”, he says, “*has never once appeared in the Socialist Standard*” (the official journal of the Socialist Party). While the factions in that party dispute about which version they prefer it will be useful to look at what has really been happening.

The background that has first to be considered is the increase in the size of the National income, arising from the more or less steady rise in output per worker. In real terms the national income has more than doubled since 1938. To the extent that it exceeds the growth of population it would, theoretically, enable all sections of the population to become better off, without any change in the share of the national income going to each section. But the shares going to different sections do change. Professor A. L. Bowley (*Economics Journal* 1904) made a study of changes in the latter half of the 19th century. He found that between 1860 and 1875 the capitalists had it all their own way. Profits were enormous and increasing, taxation on profits was almost negligible and only a very small proportion of workers were in trade unions. But between 1875 and 1895 the workers made a comeback. Total wages rose by 25% and profits by only 18%. Then circumstances turned against the workers again and between 1900 and 1912 average real wages fell by 11%. It is probable that their share in the National income also declined somewhat. The fall in wages was noted in the first issue of THE SOCIALIST STANDARD (September 1904) and it coloured the outlook of early members of the Party. They thought at the time that it was a failure on the part of the unions, but the cause lay elsewhere. British capitalism was in trouble, being driven out of the world markets by cheap goods produced from Germany, America and other countries and by protective tariffs raised against British goods. In such conditions there is almost nothing the unions can do to prevent a fall in wages.

Later on conditions again became less unfavourable to the workers. Professor Phelps Brown published figures in the ECONOMIC JOURNAL (June 1952) showing that for the years 1870 to 1913 wages and salaries averaged 57.6% of National Income and in the years 1924 to 1950 (excluding the war years) they averaged 65.4%. Mr. Buick accepts the accuracy of these figures and that by 1966 to 1989 the share going in wages and salaries were 66.7%. Karl Marx in VALUE, PRICE AND PROFIT (1865) quoted an estimate that the poorest 805 of the population received only one third of the National income and he also mentioned another estimate quoted by an M.P. that put the share at even less than one third.

A comparable up-to-date figure was published in the First report, 1975, of the Royal Commission on the Distribution of Income and Wealth, appointed by the Labour Government. On page 45 it showed that the share of the National Income 1972 to 1973 received by the top 20% was 42.7% and by the bottom 80% was 57.35. In other words the share of the National Income going to the bottom eighty percent of the population had risen by one third (33.3% in 1865 to 57.3% in 1972 to 1973).

Mr Buick assumes a continuing accumulation of more wealth in the hands of the capitalist class. Among the things he forgets is that in war-time their wealth is not accumulating but doing the opposite. It is blown away on the battle fronts, destroyed in their bombed buildings, sunk at sea with torpedoed ships, and so on. Professor Bowley dealt with it in his *SOME ECONOMIC CONSEQUENCES OF THE GREAT WAR* (Home university Library 1930). It was the propertied class who had to meet the losses and costs of the war in increased taxation on their incomes. Bowley showed (pages 137-80 that the highest incomes, which before 1914 had lost one twelfth in tax, lost nearly half in 1925. and “*the number of the rich, defined as those who had £10,000 a year or more in 1914 and the equivalent in 1925, has fallen from 4,000 to 1,2300*”.

Bowley also showed that in Britain and a number of other countries the workers were in real terms better off after the war. The losses fell most heavily on the super-rich. Professors Daniels and Campion in their “*Distribution of National Capital*” showed that the share of the accumulated wealth held by the richest 1% fell from 70% in 1911 to 60% in 1924 to 1930. Later official figures show that in 1987 it was down to 18%.

In order to explain away the increased share of the National Income going to wages and salaries, Mr. Buick quotes from a book by W. Beckerman, who says it is the proportion of workers with skills of various kinds has increased and the proportion of unskilled has decreased, and it is the greater skill the employer pays for it. Mr Beckerman says nothing about trade unions having a say in it. This idyllic picture of the employer or his agent going about seeking out greater skills and thrusting more pay on the workers belongs to fairy-land not the real world.

If and when the employer pays more to a skilled worker it is not in response to the skill, but in response to the scarcity. If there is no scarcity he does not pay it. In and after World War 2 the differentials between skilled, semi-skilled and unskilled had largely disappeared. After the war there were unskilled and semi-skilled workers paid as much as, and in some cases more, than the skilled. Trade unions had to organise strikes to remedy it or to threaten to do so. Recently, when the building industry was still booming, a company, unable to get bricklayers it needed offered £600 a week to attract men from the continent. No such money is on offer now; not because bricklayers’ skill has declined but because they are not scarce any more. The trade unions which Mr Beckerman leaves out of the picture are in the business of organising “*scarcity*” both by strikes and by attempts at restricting entry into the employment.

Another explanation Mr. Buick offers is that the number of self-employed has increased and the number of employees increased; with the consequence that the total amount paid as wages and salaries has gone up for that reason. The evidence says the opposite has happened. In 1962 the self-employed numbered 1,747,000. It decreased to 1,693,000 in 1966, since when it has increased almost every year and in 1990 was 3,425,000. So instead of falling it has increased since 1962 by 1, 678,000. Furthermore the number of employers in employment in 1990 was not larger than in 1962 but 161, 000 smaller.

A new factor has now appeared. Because of the big increase in the share of the National income received by the self-employed, both the share going to wages and salaries and the share going to company profits have declined in the past few years.

Mr. Buick, in his desire to deny a major role to trade unions, claims that wage increases do no more than “*ensure that workers are paid the full value of their labour power*”. That view had certain relevance in the mid-19th century when there was no inflation and prices generally varied up or down by small percentages. If prices went up by say 3% or 4% the unions would step in and seek to restore the purchasing power of wages by a wage increase of the same percentage. But what possible relevance has it to the rise in real average wages between 1865 and 1900 by 70%, or to the official figures which show that the average pay of male manual workers in manufacturing industries in 1988 was in real terms 2 ½ times as great as in 1938. To call these rises “*adjusting*” to the real value of labour

power is meaningless.

In his statement of September 1991 Mr. Buick accepted our evidence that on balance, over the years, the share of the national income going to wages and salaries has gone up. He then also categorically denied it with the assertion: “*a greater and greater proportion of the wealth produced by workers is appropriated by the capitalist class*”. He cannot have it both ways, and the latter statement is quite untenable.

One aspect which has to be borne in mind is that estimates of how the National income is divided among different sections of the population are concerned with totals: for example the total amount paid as wages and salaries in a given year. It would be possible for the total to go up without the individual workers being better off, as would happen if the total went up only because more workers were in employment. But this is not what has happened. Average real weekly or monthly wages and salaries have increased more or less continuously. Professor Bowley’s Index continued up to 1967 and showed that average real wages rose by 86% between 1870 and 1967, and the official index of average earnings of all employees, adjusted for price rises, shows a further increase of 61% between 1967 and 1989.

The most revealing passage in the September Statement is this:

“What is odd about the whole business is why people calling themselves Socialists should want to borrow arguments from the reformists to paint capitalism in favourable colours by denying that the rich are getting richer or that the workers are getting more and more exploited. But whatever the reason they have done so, and in so doing have departed from the Party case”.

What he calls “*borrowing arguments from reformists*” consists actually of stating well authenticated facts from Bowley and others who have studied the situation. Facts which Mr. Buick first accepts and then denies. When we name the trade unions as a major element in it, the only people we may be said to place in a favourable light are the trade unions.

What Mr. Buick is saying in effect is that we must not tell the workers the truth about capitalism and the capitalists. It was certainly not Marx’s view, but then he was a genuine student of capitalism hoping to pass on necessary information to workers. It was Marx who declined to hold the individual capitalist and landlord: “*responsible for relations whose creature he socially remains, however much he may subjectively raise himself above them*”. It was Engels who in 1892 wrote of “*the remarkable improvement in the conditions of workers in the great trade unions*” this supporting our view of the importance of unions. It was Marx who praised the government Factory Inspector, Leonard Horner, for his “*invaluable service to the workers*”. It was Marx who wrote in volume 2 of CAPITAL (page 476, Kerr Edition) that every crisis is preceded “*by a period in which wages rise generally and the working class actually get a larger share of the annual product intended for consumption*”. It would appear that Mr. Buick’s party would suppress all of these statements which put capitalism in “*favourable colours*”.

When the Socialist Party of Great Britain was founded it announced that its policy was to tell the truth, the whole truth and nothing but the truth. From time to time a panel was published telling readers that if they read something in the SOCIALIST STANDARD they would know it was true. But not any more. Now the readers are given a stream of misinformation, half truths, reformist arguments and abandoned principles. According to Mr. Buick to state the facts about capitalism is to depart “*from the Party case*”.

The misinformation the socialist party provides about the division of the National Income is a case in point.

FURTHER LITERATURE AVAILABLE

Socialist Studies Nos. 1, 2 & 3.

Turmoil in Russia (leaflet).

Statement regarding the expulsion of members from the Socialist Party.

Questions of the Day

Trade Unions

Object & Declaration of Principles (pamphlet).

MARXIAN CLASSICS

Wage labour and capital

Value, Price and profit

Socialism: Utopian and Scientific

There are also a number of cassette tapes available of various lectures together with questions and discussion. Subjects include Depression, trade unions, Pollution, William Morris & Daniel De Leon and several others. For further details please contact the Branch Secretary.

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The Fallacy That Greed for Profit Inevitably Destroys The Environment and Increases Working Class Exploitation

Those who hold this view argue that because some capitalists are indifferent to the damage their operations do to the environment and to the health of the workers they employ, capitalism will inevitably follow a downward path no matter what the circumstances. It is a misleading half truth. If it were true, why, after two centuries of capitalism have the problems not got out of control.

One reason is that what one capitalist does in his search for profit comes up against the general body of capitalists whose own search for profit leads them to oppose the actions of that capitalist. The Plimsoll Line is a case in point. Unscrupulous ship owners were happy to send “coffin ships” to sea to collect the insurance money. The rest of the capitalists, including the insurance companies, got together to make it illegal in the interests of preserving their own profits.

Marx did not hold this theory about the inevitable worsening of events. He could see what was actually happening in, for example the Factory Acts.

“...these acts curb the passion of capital for limitless draining of labour power, by forcibly limiting the working day by state regulations, made by the state that is ruled by capitalist and landlord” (CAPITAL VOL 1. Chapter X, Section 2, p.263 Kerr edition).

Marx also praised the dedication of Leonard Horner and other factory inspectors in their efforts to prevent employers contravening the acts. One relevant factor was that the more intelligent employers, Robert Owen, for example, found by experience that shorter hours and better pay and conditions enabled them to make more profit than did their competitors.

The early factory acts have been followed by more and more legislative restrictions on the operations of capitalists, among them the prohibition of child labour, the provision of free education, and numerous acts laying down standards for housing, sanitation and town planning. Also the National Insurance Act and old age pensions established by the pre-1914 Liberal government and the National Health Service and social security System agreed

upon by the three parties in the war time coalition and set up by the labour government (1945 to 1951). The profits of the general body of capitalists require a certain level of health and efficiency among the workers. The freedom of action of the capitalists has not been widened but restricted; and the process continues. As new threats emerge governments take steps to contain them.

The argument also ignores the big change brought about by the unions, particularly by their rapid growth toward the end of the 19th century. The result has been a much higher standard of living for the majority of the workers, achieved with some inroads into the profits of the capitalist class. But just as the employers are divided in their attitudes, so are the workers and the unions. For example, Marx quoted from an official report about the opposition of workers to the abolition of child labour:

“It is...apparent throughout the whole of the evidence, that against no persons do the children of both sexes so much require protection, as against their parents” (CAPITAL VOL 1 Chapter XV, Section 9).

Marx made the point that it was capitalism not the workers which had created the situation. Nowadays, when some threat to the environment becomes apparent it is a common experience for the union concerned to side with the employer, because members' jobs are involved. While some unions discount the danger of nuclear power, others, the miners' union, discount the damage caused by the “*acid rain*” arising from the coal combustion. Various unions support the airline companies when residents try too prevent the opening of new airports. And the tobacco workers support the demand of the companies for lower duties on tobacco on the ground that sales would increase and more jobs created. Most workers still support their war making governments.

The setting up of the elaborate organisation of called “*social services*” including a big increase in number of civil servants has been extremely costly. This can be illustrated by comparing the annual budget expenditure on those services with the expenditure on the capitalist priority “*defence*”. In 1990 defence, at £119m, cost nearly three times the £43 for “*Social Services*”. By 1910 defence, at £59m, had fallen behind “*Social Services*” at £82m. For 1992 to 1993 the planned expenditure on defence is £24,000m against £114,000m for “*Social Services*”. The Health Service alone, at £28,000m is well above defence (£24,000m).

Protecting the environment has taken a new form. To the old local problems has been added the global problem of damage to the ozone layer which threatens the health and survival of the world's peoples.

The governments of the world have not ignored environmental issues or approached it as if only profit is involved but have got together to take joint action to remedy the situation, including the possibility of using compulsion against any government which refused to co-operate.

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The Revolutionary Reformers

The Socialist Party of Great Britain exists for the single purpose of organising the working class in the class struggle for the achievement of Socialism. We aim to convince workers, whom we broadly define as those who sell their mental and physical energy for a wage or salary, of the urgent need to capture control of the machinery of government through Parliament and establish Socialism. This presupposes that the working class realise that the political parties they vote for at present, whether Labour, Tory or Liberal Democrat or a coalition of them, are totally committed to the support and continuance of capitalism. The only difference between most of these parties and the variety of their satellite organisations is the manner in which capitalist society should be administered. Other smaller parties, mostly left wing and anarchists, constantly criticise capitalism by exposing its shortcomings and contradictions but they pursue policies and carry out actions which confuse and mislead workers and are utterly useless as a means to Socialism.

In this category we place the self-styled Socialist Party of Clapham High street SW4. This organisation was once part of the socialist party of Great Britain. In fact it was a Trojan Horse within the Party, using funds, organisation

and premises of the S.P.G.B. in order to foster its campaign to destroy the S.P.G.B. by falsely declaring that they agreed with its OBJECT AND DECLARATION OF PRINCIPLES. Over recent years it has become obvious from the propaganda of this organisation that they do not accept that the working class must gain control of the machinery of government (including the armed forces) and convert them into an agent of emancipation. Also it has become obvious that they do not accept that a Socialist Party has only one objective and must be hostile to every other party including political movements or groups which do not accept Socialism as their sole objective.

In 1981 they published a leaflet entitled “SOLIDARITY AND THE CRISIS OF POLISH STATE CAPITALISM” which stated: “*by their principled and democratic action the workers have won the admiration and support of Socialists*”. The principled and democratic action referred to consisted of Polish workers supporting “Solidarity”, which sought to replace state capitalist dictatorships with democratic capitalist government. Solidarity eventually became the government of Poland in 1989 and Lech Walesa later became president. The position of the workers has remained the same under the new democratic regime. Inevitably Solidarity has become unpopular as the workers rapidly became disillusioned with its performance.

In the circumstances the Clapham based Socialist party decided to beat a hasty retreat. Thus in their recently issued pamphlet on EASTERN EUROPE (August 1991) they kept silent about their earlier support for Solidarity. Instead they speak of Solidarity’s wrong turn (Page 17). It appears that this wrong turn happened when Solidarity got involved in Government: “*It is nevertheless a fateful mistake from the working class point of view for an organisation formed as a trade union to get involved in government*”. However they conveniently forgot that Solidarity was not a trade union. It called itself a “*Social movement*” and was in fact a political party, the equivalent of the British Labour Party.

Like the Labour party it had a trade union section, which in 1981 numbered about 2 million out of 10 million members it claimed. Its demands were mostly for Labour Party type reforms. Had it been solely a trade union it would not have had 10 million members or have been backed by a vast majority of the nation. Nor would it have had a political reform programme. However Solidarity did not take a “*wrong turn*”. Its expressed aim was to obtain political power in order to run Polish capitalism –and it succeeded in that aim. It was the Clapham opportunists who took the “*wrong turn*”. In order to gain popular support they climbed onto the ban wagon together with government and political party in the capitalist West. It was they who duped the workers into believing that support for solidarity was in their interests. Now the working class in Poland have democratic rights –together with food shortages, rationing, wage freezes, lack of proper heating, financial chaos, unemployment, strikes and economic mismanagement.

Basically the position of the Clapham Socialist party is that unless the workers in Eastern Europe obtain elementary political rights they cannot form trade unions or carry on Socialist propaganda. The western capitalists, on the other hand, want democratic government in Eastern Europe because it ensures more stability in the political system where trade and other international transactions can be carried out in private capitalism allowed to develop without the restrictions of state control. So the Clapham party and the western capitalists are now on the same side. One wants democratic government to consolidate and enlarge the area of working class exploitation, whilst the other (the socialist party) wants capitalist democracy so that “*the genuine voice of Socialism can now be heard*”. This is defeatist nonsense and contradicts their position on Solidarity. Solidarity came into existence, both as a political organisation and as a trade union, under the dictatorship government of Poland. According to their theory, Solidarity should not have existed at all, as it was formed without the permission of the State.

In fact trade unions and socialist parties arise out of the conditions of the class struggle and no government can prevent this. In Great Britain the repressive Anti-Combination Laws made trade unions and strikes illegal (1799 to 1824). They had no effect on trade unions except to stimulate their growth and were repealed by the capitalists themselves in 1824. Unions continued to grow subsequently despite other restrictive legislation. Marx and Engels produced the famous COMMUNIST MANIFESTO in 1848 which was distributed throughout the world under the most reactionary European governments. In Germany Bismark introduced the notorious Anti-Socialist Laws of 1878 in order to curb the growth of the Social Democratic Party. The laws completely failed in this and the Party went underground or as Engels tells us, in some cases, formed itself into gymnastic societies. The socialist Party of Great Britain itself carried on propaganda during the two World wars when public meeting were severely restricted and harsh censorship of the press was in operation.

The whole of the Clapham party's approach ignores the fact that workers in the most developed capitalist countries have the franchise including state capitalist Russia and its newly formed Commonwealth of States, and most have a parliamentary system of government. Also a number of European governments have changed from dictatorship to democratic government and the opposite has happened; Italy and Germany are classic examples. Mussolini and Hitler were democratically elected. Hitler polled 43% of the electorate under the Weimer constitution created by the German Social Democratic Party in 1919. The workers were prepared to support Hitler because of the failure of the Social Democrats to solve their problems; seven million unemployed, hyper inflation, food shortages and labour unrest. When Hitler spoke of the decadence of democracy they believed him and voluntarily gave up their democratic rights. They wanted jobs and full stomachs and all the democratic rights in the world cannot provide these if capitalism is inefficient or in depression. That is why it is essential for a socialist party to point out that the problems the workers endure are a result of the capitalist system however it is administered.

The Clapham party tell the working class that one form of capitalism is preferable to another. That is not the voice of Socialism. That is the voice of confusion.

ENGELS ON THE SOCIALIST REVOLUTION

"...to accomplish this act of universal emancipation is the historical mission of the modern proletariat. To thoroughly comprehend the historical conditions and thus the very nature of this act, to impart to the now oppressed proletarian class a full knowledge of the conditions and of the meaning of the momentous act it is called upon to accomplish, this is the task of the theoretical expression of the proletarian movement, scientific Socialism"
(SOCIALISM, UTOPIAN AND SCIENTIFIC 1992 Final page).

Those wishing to receive details of future lectures run by the Socialist party of Great Britain, and of other activities should contact the Branch Secretary. All meetings free, discussion welcome.

PRINCIPLES

That Society as at present constituted is based upon the ownership of the means of living (i.e. land, factories, railways, etc.), by the capitalist or master class and the consequent enslavement of the working class by whose labour alone wealth is produced.

This principle is concerned with the position of the working class in society, and their relations with the owning class. A society is a number of people living together having dealings or relations with each other in the everyday affairs of life. The sum total of these relations forms the system under which people live –the social system or society. There have been systems in the past based on kinship, with property held in common; on chattel slavery; and on serfdom. Now we have capitalism, the typical form of which is that the means of production and distribution are owned by a small propertied class, the capitalists, who also own the products and sell them to realise a profit. Wage or salary earners are the employees of the owning class. They, with their dependents are the great majority of the population and constitute the working class.

A minor role in production and distribution is played by individual employers and the so-called "*self-employed*", but overwhelmingly it is the working class who perform all the tasks necessary for capitalism to function, including organisations, supply of inventions and discoveries, financial operations, administration and so on.

Unlike the slave or serf the individual wage or salary earner is "*free*" to seek employment where he chooses, but as a class the workers are in a subject position in society, exploited to produce profit for the owning class and having to suffer unemployment, poverty, and all the other hardships of their class position –they are "*wage slaves*"..

Object and Declaration of Principles

Object

The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.

Declaration of Principles

THE SOCIALIST PARTY OF GREAT BRITAIN HOLDS:

1. That society as at present constituted is based upon the ownership of the means of living (ie land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.
2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle, between those who possess but do not produce and those who produce but do not possess.
3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into common property of society of the means of production and distribution, and their democratic control by the whole people.
4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation of the working class will involve the emancipation of all mankind without distinction of race or sex.
5. That this emancipation must be the work of the working class itself.
6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.
7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.
8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.

